

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AGRE-00 SP-02 ICA-11 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 L-03 H-01 PA-01 /098 W
-----091101 240806Z /10

R 230009Z AUG 78
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 2224
INFO TREASURY WASHDC

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EO 11652: N/A
TAGS: EFIN MX
SUBJECT: PRICES CONTINUE TO RISE; CREDIT TIGHTENED

1. SUMMARY. THE WHOLESALE AND CONSUMER PRICE INDICES INCREASED 1.95 PERCENT AND 1.1 PERCENT, RESPECTIVELY, FROM JUNE TO JULY. THIS PLUS CONTINUED GROWTH IN THE MONEY SUPPLY HAS LED BANK OF MEXICO TO TIGHTEN CREDIT BY REQUIRING A FIVE-BILLION PESO SPECIAL SIX-MONTH DEPOSIT FROM THE PRIVATE BANKS. THIS IS THE FIRST MONETARY MEASURE IN RECENT MONTHS TO DEAL WITH THE CONTINUING INFLATION PROBLEM. END SUMMARY.

2. THE NATIONAL CONSUMER PRICE INDEX WAS 339.7 IN JULY, 18.3 PERCENT ABOVE THE JULY 77 FIGURE AND 10.2 PERCENT ABOVE THE DECEMBER 77 FIGURE. THE MEXICO CITY WHOLESALE PRICE INDEX FOR JULY WAS 595.8, UP 17.3 PERCENT FROM TWELVE MONTHS EARLIER AND 12.5 PERCENT ABOVE THE DECEMBER 1977 FIGURE. THE AVERAGE MONTHLY INCREASE OF CPI AND WPI IN 1978 HAS BEEN 1.4 PERCENT AND 1.3 PERCENT, RESPECTIVE-
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LY. THERE IS NO APPARENT DOWNWARD TREND WHICH WOULD INDICATE VIRTUALLY NO SUCCESS IN THEIR STABILIZATION EFFORTS AS MEASURED BY THIS KEY INDICATOR. CONTINUATION OF THE AVERAGE MONTHLY INCREASES WOULD RESULT IN 20 PERCENT INCREASES IN THE CPI AND WPI DURING 1978, CONSIDERABLY ABOVE THE TARGET OF 15 PERCENT.

3. APPARENTLY IN RESPONSE TO CONCERN OVER THE INFLATION RATE, THE BANK OF MEXICO RECENTLY AND WITHOUT PUBLICITY LEVIED A FIVE BILLION PESO DEPOSIT REQUIREMENT ON THE PRIVATE BANKS. THE FUNDS ARE TO BE FROZEN IN A SPECIAL ACCOUNT AT THE CENTRAL BANK FOR SIX MONTHS. THIS MEASURE ALSO REFLECTS CONCERN OVER THE RAPID INCREASE IN THE MONEY SUPPLY. CURRENCY IN CIRCULATION OUTSIDE THE BANK OF MEXICO INCREASED 25 PERCENT IN THE TWELVE MONTH PERIOD TO END-JULY. SIGHT DEPOSITS HAVE BEEN GROWING AT A FASTER RATE. THE MONEY SUPPLY INCREASED 34 PERCENT TO END-MAY, MCANINCH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRICE TRENDS, CREDIT DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 23 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Film Number: D780346-0458
Format: TEL
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780833/aaaabbjr.tel
Line Count: 73
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ffca305d-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1649264
Secure: OPEN
Status: NATIVE
Subject: PRICES CONTINUE TO RISE; CREDIT TIGHTENED
TAGS: EFIN, MX
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ffca305d-c288-dd11-92da-001cc4696bcc
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